

# DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997

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Docket No. R97-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE  
(T32-120- 124, 125a AND 130)  
(September 24, 1997)**

The United States Postal Service hereby files its response to the following interrogatories of the Office of the Consumer Advocate, dated September 10, 1997: OCA/USPS-T32-120 through 124, 125a and 130.

Redirected from witness Fronk to the Postal Service for response, these interrogatories are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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Michael T. Tidwell

475 L'Enfant Plaza West, S.W.  
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September 24, 1997

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF THE  
OCA REDIRECTED FROM WITNESS FRONK

OCA/USPS-T32-120. To what extent do foreign mail systems take steps (such as encoding stamps) to ensure that canceling machines detect underpayment of postage? Please discuss.

RESPONSE: The Postal Service is not aware of any foreign post office encoding stamps for revenue protection. However, some foreign administrations do encode stamps to distinguish levels of service or in-country and outbound service.

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OCA REDIRECTED FROM WITNESS FRONK

OCA/USPS-T32-121. Please describe the technology, including state of the art technology, that exists to ensure that canceling machines detect underpayment of postage.

RESPONSE: While expensive recognition equipment could be added to distinguish the denomination of stamps, the Postal Service would also need to add in-motion scales to determine the weight of the piece to assess underpayment. At the Postal Service's current processing speeds of over 30,000 pieces per hour, this is presently not within the state of the art.

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OCA REDIRECTED FROM WITNESS FRONK

OCA/USPS-T32-122. Does the Postal Service use state of the art technology to ensure that canceling machines detect underpayment of postage? Please explain.

RESPONSE: Please see response to OCA/USPS-T32-121.

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OCA/USPS-T32-123. Would standardizing the size of stamps help ensure that canceling machines detect underpayment of postage? Please explain.

RESPONSE: This would be of marginal benefit. However, the Postal Service would still have to develop in-motion scales to weigh the pieces.

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OCA REDIRECTED FROM WITNESS FRONK

OCA/USPS-T32-124. Please refer to the response of Postal Service witness Moden to OCA/USPS-T32-38(a) and (c). Apparently, the Automated Facer Canceler System is "unable to identify if the precise level of postage is applied. The AFCS is able to identify that the mail has little or no postage applied because low denomination stamps do not have the phosphorescence coating."

- a. What denominations of stamps do not have phosphorescent coating?
- b. Why has the Postal Service not employed technology in its facer canceler equipment to ensure that postage is never short-paid?

RESPONSE:

- (a) Any denomination below 10 cents.
- (b) The technology is not within the state of the art and the recognition portion would be expensive. Even given the technology, the Postal Service is not convinced that such technology would be cost-effective.

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OCA/USPS-T32-125. An article in the August 15, 1997, edition of the San Francisco Chronicle entitled "All Stamps Equal at Post Office" contained the following statement in reference to an alleged problem concerning the potential for short-paying of postage:

"This is not a big problem in America," said Dan De Miglio, a Postal Service spokesman in San Francisco. "No American sits home and, on purpose, puts 'short pay' on an envelope. Why would you take a chance on your mortgage payment not getting there on time? Overwhelmingly, Americans are honest people, and they're just not going to do that."

- a. Do the views of Mr. De Miglio represent the views of the Postal Service on the quoted material? Please discuss fully.
- b. Do you agree or disagree with Mr. De Miglio's statement? Discuss fully.

RESPONSE:

(a) The final sentence of the quote is consistent with the view of the Postal Service that the overwhelming majority of the mailing public is honest and is not likely to deliberately shortpay postage. The remainder of the quote would presumably reflect the views of Mr. De Miglio.

(b) Answered by witness Fronk.

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OCA REDIRECTED FROM WITNESS FRONK

OCA/USPS-T32-130. This question seeks to elicit the current views of the Postal Service as to the Courtesy Envelope Mail ("CEM") proposal from Docket No. MC95-1. Please refer not only to that docket but to the Decision of the Governors of the United States Postal Service on the Recommended Decisions of the Postal Rate Commission on Courtesy Envelope Mail and Bulk Parcel Post, Docket No. MC95-1 (March 4, 1996) ("CEM Decision").

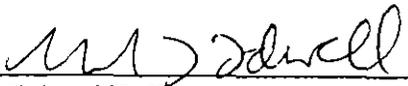
- a. Please refer to the Governors' CEM objections that begin on page 3 of the CEM decision beginning with: "Nevertheless, we decline to accept the recommended establishment of a CEM rate category" and end with the final sentence preceding their discussion of Bulk Parcel Post. As to each of those objections, please discuss fully whether the Postal Service (speaking for itself, and not for the Governors) agrees with or disagrees with each of those objections.
- b. For each objection in (a) that the Postal Service agrees with, please supply all empirical information supporting the Postal Service position.
- c. If a party to this proceeding were to advance the CEM proposal again in its entirety (except as to the CEM rates that were proposed in Docket No. MC95-1), list all other objections the Postal Service would have to such a proposal that are not already contained in the direct testimony in this docket. For ease of response, you may refer to previous testimony offered by the Postal Service in other proceedings, such as Docket No. MC95-1. If previous testimony is referred to, please indicate with specificity the portions of the testimony that are being relied upon.
- d. As to each objection set forth in response to (c), please supply all empirical information supporting such objection.

RESPONSE:

(a)-(d) When the objections were published by the Governors in their decision, the Postal Service found them to be generally consistent with its views of the CEM proposal. The Postal Service, however, has not since analyzed the CEM proposal. As intervenor proposals are advanced in Docket No. R97-1, the Postal Service will analyze them and respond to them.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
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September 24, 1997